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tion of Banks

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1. All banks, except the cooperatives, were nationalized on 27 December 1947, following the nationalization of industry. The nationalized banks were subsequently converted into branches of the National Bank and united, a single branch being left in each town, with the exception of Sofia and Plovdiv which had three and two branches respectively.
2. According to the nationalization law, shareholders were to be paid the value of their shares, but these sums had not been paid to either industrialists or businessmen by the end of October 1951. Many enterprises were behind in their accounts because of the complicated system introduced and the shortage of experienced staffs. The transfer of the banking staff from nationalized banks to other enterprises further complicated the problems.
3. The following three banks continued to operate after the nationalization:
 - a. The National Bank, which issued bank notes and extended loans on a short-term basis to trade and industry for foreign purchases;
 - b. The Investment Bank, which granted five to ten-year loans to selected applicants for construction and the purchase of machinery and live-stock;
 - c. The Durzhevna Spestovna Kasa (State Savings and Loan), which took over the private deposits of all nationalized banks; and also issued a five and one-half percent loan in 1945, the only current government loan.

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4. The Soviet banking system was adopted by Order No. 218 of March 1951. New and involved instructions were issued, which based the granting of loans on completely different principles and conditions:
 - a. The loan had to be used for a definite purpose, such as the purchase of raw materials or goods, and each item had to be listed separately;
 - b. The loan had to be repaid within a certain fixed period, not to exceed one year;
 - c. The interest rate was from two to four percent and had to be guaranteed by raw materials or goods; granting a loan without collateral was considered a crime against the state.
5. Subsequently, cooperatives were nationalized and absorbed by the National Bank, the cooperative members being paid the maximum nominal value of their shares. Each enterprise had to submit a monthly report to the Bank and reserve a certain percentage of its profits for amortization each year. These profits were distributed in the following proportion: 40 percent to the National Bank and 60 percent to the Investment Bank. Sums drawn for payment of wages were controlled and were reduced when an enterprise failed to fulfill its production quota. Wages were paid on the first and sixteenth of each month. Loans were available as follows:
 - a. No loans were given to individuals; employees could obtain loans from savings funds at their place of employment;
 - b. In order to qualify for a loan, enterprises had to submit production plans and financial estimates; and
 - c. Loans for new machinery were made by the Investment Bank and for repairs by the National Bank, up to the amount which the particular enterprise seeking the loan had paid into the Bank.
6. The exchange rates with the USSR were:
 - a. 25 leva to 1 ruble, Commercial Agreement rate;
 - b. 73 leva to 1 ruble, transfer of money by Soviet citizens; and
 - c. 20 leva to 1 ruble, import of Soviet books.

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